

Message Text

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C O N F I D E N T I A L SECTION 1 OF 2 MOSCOW 7198

DEPT PASS TREASURY

USDOC FOR BEWT/DOWNEY, REICH, GEORGE, AND HEISS

E.O. 11652: GDS
TAGS: EEWT, UR, US
SUBJECT: US-USSR JOINT COMMERCIAL COMMISSION: RECOMMENDATIONS FOR
AGENDA ITEM ON BUSINESS FACILITATION ISSUES

REF: MOSCOW 7126

SUMMARY: VISA PROCEDURES AND "TEMPORARY ACCREDITATION" ARE
LARGEST PROBLEMS FACING RESIDENT U.S. BUSINESS COMMUNITY IN
MOSCOW WHICH MIGHT BE USEFULLY RAISED IN JCC. ERRATIC COMMUNICATIONS
CONSTITUTE BIGGEST DIFFICULTY SUITABLE FOR JCC
DISCUSSION FOR AMERICANS WORKING OUTSIDE MOSCOW. BASED ON
PREVIOUS EMBASSY REPORTING, THIS MESSAGE SUMMARIZES THESE
AND OTHER BUSINESS FACILITATION PROBLEMS WITH SUGGESTED APPROACHES
FOR THEIR SOLUTION. END SUMMARY.

1. VISAS:

(A) AS DETAILED REFTEL, SOVIET MULTIPLE-ENTRY/EXIT VISAS
ARE GENERALLY ONLY ISSUED TO REPRESENTATIVES (AND THEIR FAMILIES)
OF U.S. COMPANIES ACCREDITED BY MFT AND SCST WHO ARE (A) HEADS
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OF THEIR RESPECTIVE OFFICES AND (B) U.S. CITIZENS. SOLE
EXCEPTIONS TO (B) ARE BROWN AND ROOT CHIEF REP (UK SUBJECT)
AND GE CHIEF REP (CANADIAN CITIZEN). OTHERS MUST APPLY FOR
EXIT AND RE-ENTRY PERMISSION IN ADVANCE OF EACH TRIP UNDER
RECENTLY TIGHTENED REGULATIONS WHICH EFFECTIVELY PRECLUDE
IMMEDIATE DEPARTURES EXCEPT THROUGH SPECIAL MFA EMERGENCY
PROCEDURES (MOSCOW 2851). THIS SITUATION SUBSTANTIALLY LIMITS

FLEXIBILITY OF MOSCOW-BASED REPRESENTATIVES AND CAUSES ANXIETY ABOUT POSSIBLE DEPARTURE DELAYS DURING MEDICAL OR OTHER PERSONAL EMERGENCIES.

(B) EMBASSY FORMALLY PROPOSED IN NOTE NO. 50 DATED JANUARY 15, 1975 (75 MOSCOW 585), THAT BOTH COUNTRIES GRANT MULTIPLE-ENTRY (AND IN SOVIET CASE, EXIT) VISAS TO ALL REPRESENTATIVES OF ACCREDITED COMMERCIAL ORGANIZATIONS IN OTHER COUNTRY, REGARDLESS OF THEIR CITIZENSHIP. EMBASSY RENEWED PROPOSAL DURING INFORMAL US-USSR CONSULAR TALKS IN AUGUST 1976, BUT SOVIETS HAVE NOT YET RESPONDED ALTHOUGH, IF ACCEPTED TODAY, ONLY 17 ADDITIONAL MULTIPLE-ENTRY/EXIT VISAS WOULD BE ISSUED TO REPRESENTATIVES OF U.S. COMPANIES IN USSR WHILE NUMBER OF SOVIET BENEFICIARIES IN U.S

WOULD BE CONSIDERABLY LARGER. IT SHOULD BE RECOGNIZED, HOWEVER, THAT REPRESENTATIVES OF U.S. FIRMS IN MOSCOW WOULD PROBABLY USE VISAS MORE FREQUENTLY THAN SOVIET COMMERCIAL REPS IN UNITED STATES.

(C) EMBASSY RECOMMENDS WE RENEW JANUARY 1976 PROPOSAL AT JCC AS VISAS CONSTITUTE SINGLE MOST IMPORTANT DIFFICULTY FACING FULLY ACCREDITED FIRMS IN MOSCOW WHICH COULD BE RESOLVED IN COMMISSION CONTEXT. IF SOVIETS CLAIM THIS IS QUESTION FOR MFA, USDEL MIGHT POINT OUT THAT IT HAS ALREADY BEEN RAISED THERE AND THAT SPONSORING ORGANIZATION EVIDENTLY HAS DECISIVE INFLUENCE OVER VISA TREATMENT SINCE ALL REPS, SENIOR AND JUNIOR, OF GOSBANK-ACCREDITED U.S. BANKS IN MOSCOW HAVE BEEN ISSUED MULTIPLE-ENTRY/EXIT VISAS, REGARDLESS OF THEIR NATIONALITIES. ((ALL REPRESENTATIVES OF AMEXCO (INTOURIST ACCREDIATION) AND PAN AM (MIN CIVAIR ACCREDITATION) ALSO HOLD MULTIPLE-ENTRY/EXIT VISAS,BUT ALL ARE U.S. CITIZENS.)) SOVIET AGREEMENT ON CONFIDENTIAL

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THIS POINT WOULD CONFORM TO THEIR OBLIGATION UNDER ARTICLE IV OF 1974 LONG TERM AGREEMENT "TO FACILITATE, AS APPROPRIATE, THE ISSUANCE OF VISAS, INCLUDING MULTIPLE ENTRY VISAS, TO QUALIFIED OFFICIALS AND REPRESENTATIVES OF SUCH ORGANIZATIONS, ENTERPRISES AND FIRMS AND TO MEMBERS OF THEIR IMMEDIATE FAMILIES...."

2. "TEMPORARY ACCREDITATION":

SEPTTEL REPORTS LATEST DEVELOPMENTS ON THIS PROBLEM, WHICH EMBASSY RECOMMENDS USDEL RAISE IN JCC, ASSUMING MKRTUMOV DOES NOT GIVE SATISFACTORY ASSURANCES BEFORE MEETING. NOW THAT SOVIETS HAVE PROMISED MULTIPLE-ENTRY/EXIT VISA FOR ALLIS-CHALMERS REP, REMAINING KNOWN DISADVANTAGE OF "TEMPORARY" STATUS IS APPARENTLY NON- ENTITLEMENT TO PERMANENT RESIDENTIAL AND OFFICE SPACE. IT COULD BE THAT "TEMPORARY ACCREDITATIONS WILL BE REGULARIZED AS APARTMENTS AND OFFICES BECOME AVAILABLE, BUT INITIAL "PERMANENT ACCREDITATION" IS CERTAINLY PREFERABLE AS IT KEEPS MONKEY ON SOVIET BACK WITH COMMITMENT IN OCTOBER 18, 1972, PATOLICHEV-PETERSON LETTER TO MAKE OFFICE FACILITIES AND

SUITABLE HOUSING AVAILABLE ASAP FOLLOWING ACCREDITATION. IF SOVIETS ATTEMPT TO LINK TRAKTOROEKSPORT AND LITSENZINTORG OFFICES WITH THIS ISSUE, USDEL MIGHT NOTE THAT WE APPROVED TRACTOR COMPANY UNDER USUAL CONDITIONS AFTER RECEIVING CONFIRMATION THAT THREE ADDITIONAL U.S. COMPANIES HAD RECEIVED ACCREDITATION BUT LATER FOUND THEY HAD NOT BEEN ACCREDITED WITHIN MEANING OF 1972 LETTER.

3. COMMUNICATIONS FOR U.S. FIRMS OUTSIDE MOSCOW:

(A) PREVIOUS REPORTS (MOSCOW A-48, MOSCOW A-111, LENINGRAD A-13) HAVE DISCUSSED PROBLEMS FACED BY U.S. SPECIALISTS WORKING OUTSIDE MOSCOW IN COMMUNICATING WITH HOME OFFICES. EXCEPT WHERE THERE IS ACCESS TO INTERNATIONAL TELEX OWNED BY SOVIET ORGANIZATION, SPECIALISTS MUST RELY ON ERRATIC TELEPHONE SYSTEM WITH ATTENDANT DELAYS AND GARBLES. IN ADDITION, EMBASSY HAS RECEIVED SEVERAL COMPLAINTS THAT DELIVERIES OF "INTERNATIONAL HERALD TRIBUNE" AND CONFIDENTIAL

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MAGAZINES HAVE BEEN DELAYED AND INTERRUPTED. (IN ADDITION TO ABOVE REFERENCES, SEE ALSO BROWN AND ROOT PARA IN REFTEL ON THIS POINT.)

(B) EMBASSY RECOMMENDS THAT USDEL RAISE THESE PROBLEMS IN JCC AND SUGGEST THAT COMMUNICATIONS PROBLEMS WOULD BE SUBSTANTIALLY EASED BY PROVISION OF TELEXES AT WORK SITES OUTSIDE MOSCOW. TECHNICAL PROBLEMS MAY MAKE THIS DIFFICULT IN SOME LOCATIONS, BUT EXISTENCE OF INTERNATIONAL TELEX SERVICE AT KAMAZ AND TOLIYATTI SHOWS THAT IT CAN BE DONE. NEWSPAPER DELIVERY PROBLEMS COULD PRESUMABLY BE SOLVED WITHOUT ANY CAPITAL EXPENDITURE WHATSOEVER.

4. OTHER QUESTIONS:

(A) FURTHER ACCREDIATIONS: TO EMBASSY'S KNOWLEDGE, NO U.S. FIRMS HAVE APPLIED FOR ACCREDIATION BEYOND THOSE LISTED 76 MOSCOW 17569. EMBASSY RECOMMENDS USDEL PUT IN PLUG FOR EARLY POSITIVE ACTION TO DEMONSTRATE CONTINUING OFFICIAL INTEREST.

(B) CUSTOMS: AS REFTEL DEMONSTRATES, EXPERIENCE WITH SOVIET CUSTOMS VARIES WIDELY AMONG U.S. COMPANIES IN MOSCOW. HOWEVER, EMBASSY BELIEVES IT WOULD BE HELPFUL TO ALL FIRMS IF USDEL REQUESTED COPY OF SOVIET CUSTOMS REGULATIONS AND DUTY SCHEDULES GOVERNING THEIR IMPORT SHIPMENTS.

(C) WORKING/LIVING CONDITIONS FOR SPECIALISTS OUTSIDE MOSCOW: PREVIOUS REPORTING (SEE PARA 3 (A) ABOVE) DEMONSTRATES THAT TREATMENT OF SPECIALISTS DEPENDS IN LARGE MEASURE ON AMERICAN COMPANY'S FORESIGHT IN NEGOTIATING CONTRACT CLAUSES GOVERNING

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WORKING/LIVING CONDITIONS AND DEMONSTRATING ACTIVE CONCERN FOR SPECIALISTS' WELFARE. HOWEVER, AS OXY REPS POINTED OUT (REFTEL), SOVIETS SHOULD BE AWARE THAT COMPANIES WILL HAVE INCREASING DIFFICULTY RECRUITING SPECIALISTS FOR FIELD ASSIGNMENTS IN USSR IF COUNTRY CANNOT ARREST GROWING REPUTATION FOR SUB-STANDARD CONDITIONS. USDEL MAY WISH TO POINT THIS OUT IF APPROPRIATE OCCASION ARISES.

(D) ACCESS TO COMMERCIAL OFFICE: MFA HAS ALWAYS ASSURED EMBASSY THAT MILITIA GUARDS IN FRONT OF CHANCERY AND USCO HAVE BEEN PLACED THERE TO PROTECT PREMISES AND EMPLOYEES. IN TWO RECENT CASES, HOWEVER, SOVIETS HAVE BEEN TEMPORARILY REFUSED ENTRY TO USCO DESPITE COMOFF'S ASSURANCES TO GUARDS THAT THEY WERE WELCOME TO ENTER (REPORTS SENT EUR/SOV-EDGAR). IN MORE RECENT CASE, COMATT WAS ROUGHLY PUSHED ASIDE WHILE TRYING TO COME TO AID OF ELDERLY SOVIET CITIZEN WHO WAS BEING MANHANDLED BY SOVIET MILITIAMAN IN FRONT OF ENTRANCE TO USCO. USDEL MAY WISH TO SUGGEST AT JCC THAT THIS DEGREE OF "PROTECTION" IS EXCESSIVE, POINTING OUT THAT EXECUTIVE PROTECTIVE SERVICE DOES NOT ENGAGE IN SUCH ACTIVITY AT SOVIET TRADE REPRESENTATION OFFICE IN WASHINGTON.

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(E) RUBLE EXPENDITURES: AS DESCRIBED REFTEL, SOME U.S. BUSINESS REPS ARE FINDING FEWER OPPORTUNITIES FOR PAYMENT OF LOCAL EXPENSES IN RUBLES, BUT EXPERIENCE VARIES FROM FIRM TO FIRM. SEVERAL REPS HAVE SUGGESTED THAT WE ASK SOVIETS

FOR WRITTEN STATEMENT OF RULES GOVERNING RUBLE USE, BUT EMBASSY FEARS THAT SUCH A COMPENDIUM WOULD BE BASED ON MOST RESTRICTIVE CURRENT PRACTICE. BROADER ISSUE NEEDS TO BE RAISED, HOWEVER; IN PARTICULARLY IF SOVIETS WISH TO MAKE PARTIAL PAYMENTS TO US FIRMS IN RUBLES, THEY MUST PERMIT FIRMS TO USE THESE ASSETS.

(F) BUSINESS BRIEFING: GE DEPUTY REP AND TRADE AND ECONOMIC COUNCIL SENIOR VICE PRESIDENT HAVE SUGGESTED THAT MFT MIGHT ORGANIZE BI-WEEKLY BRIEFINGS TO INFORM INTERESTED BUSINESSMEN OF UPCOMING PROJECTS AND OTHER BUSINESS OPPORTUNITIES. EMBASSY AGREES THIS IDEA HAS MERIT AND SUGGESTS USDEL RAISE IT AT JCC. SOVIET IMPLEMENTATION IS DOUBTFUL FOR SECURITY AND BUREAUCRATIC REASONS, BUT IT IS WORTH A TRY.

5. CONCLUSION: ABOVE QUESTIONS WERE SELECTED AS THEY OFFER SOME HOPE OF SOLUTION IN JCC CONTEXT. U.S. COMPANIES FACE OTHER PROBLEMS HERE WHOSE ROOTS LIE TOO DEEP IN SOVIET/RUSSIAN SOCIETY FOR ANY COMMISSION TO WEED OUT. AS REFTEL POINTS OUT, HOWEVER, CONDITIONS FOR MOST U.S. COMPANIES IN MOSCOW HAVE IMPROVED MARKEDLY SINCE LAST JCC MEETING IN APRIL 1975. MATLOCK

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